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Bush pitches tax cut at Santa Clara stop

PRESIDENT SHIFTS TO ECONOMY IN SPEECH AT DEFENSE FIRM

By Laura Kurtzman
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President Bush used a visit to a Santa Clara defense firm Friday to celebrate the role Silicon Valley technology played in the war in Iraq and turn his attention to the country's ailing economy.

With major hostilities in the Persian Gulf over, Bush once again is facing tough questions about the nation's economic health. Labor Department figures released on Friday show that the unemployment rate again rose to 6 percent in April. It hasn't been higher since 1994.

Bush, appearing in politically hostile territory with about 1,000 protesters rallying nearby, tried to use the bad economic news to his advantage, saying it bolstered the need for tax cuts. He said his proposed \$550 billion tax cut would stimulate the weak economy and help unemployed people in Silicon Valley, where the number of jobs has shrunk by 166,000 -- or 16 percent -- since he took office.

"I know there's people hurting here in Silicon Valley," Bush said before a roaring crowd of 1,800 people invited to his speech at a warehouse at United Defense. "This incredibly vibrant part of the American economy over the last couple of years has not been meeting its full potential."

If Congress enacted his tax cut, Bush said, it would create 1 million new jobs by next year, although some independent experts say the relationship between tax cuts and job creation is not so clear.

"The plan I just outlined is one that will boost the economy in Silicon Valley," Bush told workers at United Defense, where the Bradley Fighting Vehicle was designed.

The nation's economy is likely to figure prominently in the 2004 election. Polls show that despite Bush's popularity as commander in chief, he is vulnerable on pocketbook issues, and Democrats are seeking to take advantage of that.

Four local members of Congress, all Democrats, responded to Bush's visit by gathering to denounce his policies and calling attention to Silicon Valley's 8.4 percent unemployment rate, among the highest in the nation.

"What he said today was so completely disconnected with what has to happen to get the tech economy up and running," said Rep. Zoe Lofgren, D-San Jose. "I'm hearing from Ph.D.s who can't even get a job interview. It's not just a recession. It's a depression, and I think he's oblivious to that."

She said Bush's tax-cut plan would only add to the nation's growing deficit. "We plan to borrow our way into oblivion," Lofgren said. "This is not a job growth plan. This is a plan that will bankrupt our country."

Less partisan critics, including a few moderate Republicans and Federal Reserve Chairman Alan Greenspan, have made similar arguments, saying the tax cuts would contribute to the growing budget deficit, while offering little immediate stimulus to the economy.

The president initially proposed a \$726 billion tax-cut package, but met stiff opposition in Congress. He now says the package should be ``at least'' \$550 billion, the number agreed to last month by the House of Representatives. The Senate has agreed to a package totaling \$350 billion.

The Bush package calls for immediately adopting the tax-rate reductions that have been scheduled for the next seven years, increasing the child tax credit, tripling the amount of new-equipment purchases that small businesses can write off, ending the so-called ``marriage penalty'' and ending the double taxation of corporate dividends.

Bush visited the United Defense Ground Systems Division in Santa Clara, which has about 750 employees who are developing the Army's next generation of lighter, faster combat vehicles.

United Defense, a defense contracting firm, produced the Bradley and Hercules fighting vehicles used in the Iraq war. The audience of employees, their guests and local Republicans was designed to be receptive to the president's message.

``I'm here to thank you for your contribution to making the world a more peaceful and free place," Bush said, standing in front of an enormous American flag and flanked by two hulking tanks.

``New technologies of war help protect our soldiers and as importantly help protect innocent life. You see, new technologies allow us to redefine war on our terms, which makes it more likely the world will be more free and more peaceful."

Later, he inspected three combat vehicles, a Bradley and an Assault Amphibious Vehicle, as well as a prototype of the future combat vehicle, an electric hybrid made of a mixture of titanium and ceramic.

The president took a stab at operating one of them in simulated combat. An explosion rocked the room as soon as the president sat down. ``That's not a backfire," he said, joking. The president fired off a few rounds and struck an enemy tank.

United Defense, which has more than \$1 billion in annual defense contracts, formed after a merger with FMC's defense group, which developed the Bradley. Today, Bradleys are produced in York, Pa.

Bush noted that some of the Army units that took control of the Baghdad airport were traveling in Bradleys. A Hercules vehicle was used to pull down a statue of Saddam Hussein in Baghdad, after Iraqis began attacking it with their hands.

``The guy with the sledgehammer on the statue needed a little help," Bush said. ``Thankfully, there was a Hercules nearby."

Bush singled out a United Defense engineer, Ron Pinckney, whose son Jason is serving with the 101st Airborne in Iraq.

``Ron, I appreciate your sacrifice for your country, being a loving dad," Bush said. ``Tell Jason to tell his buddies the commander in chief and the people of Santa Clara, California are really proud of his service."

Not everyone was cheering Bush, however. About 1,000 anti-Bush demonstrators lined nearby streets. Two were arrested in a mostly peaceful protest.

``I represent upper middle-class suburban America," said Jan Feldman, 50, of Cupertino, ``and we don't favor building a global American empire -- not with our kids, not with our money and not with our name."

She said the president ``needs to focus on things at home, like jobs and the economy. We know several people who are out of work in the valley."

An additional 200 turned out to support the president. Among them was Alice Hoglan, of Los Gatos. Her son, Mark Bingham, died aboard Flight 93, which crashed into a Pennsylvania field after terrorists commandeered it on Sept. 11, 2001.

``We're here to support President Bush because he promised us that his war on terrorism would be unrelenting, and he followed through with that," Hoglan said.

``I did not vote for the man, and I don't see eye to eye with him on many issues, but I totally support him when it comes to his war on terrorism. We wholeheartedly support the troops who are fighting and dying for the freedom we enjoy."

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